

MINUTES OF THE REGULAR COMMISSION MEETING OF THE MICHIGAN PUBLIC
SERVICE COMMISSION HELD IN ITS OFFICES ON SEPTEMBER 15, 2017

Commission Chairman Sally A. Talberg called the meeting to order at 2:31 p.m.
Executive Secretary Kavita Kale called the roll and declared there was a quorum.

PRESENT

Commission: Sally A. Talberg, Chairman
Norman J. Saari, Commissioner
Rachael A. Eubanks, Commissioner

Staff: Karen Kostbade
Kavita Kale
Valerie Brader
Al Freeman
Jill Rusnak
Derrell Slaughter
Paul Proudfoot

Public: Don Hazzard
Jacob Kanclerz, MIRS
Suzy Westmoreland, MEGA
Candace Gonzales, Consumers Energy
Kwafo Adarkwa, ITC
Don Stanczak, DTE
Mike Torrey, Consumers Energy
Karen Wienke, Consumers Energy
Mike Malott, MIRS
Tim Hoffman, Consumer Energy
Ian Burgess, Consumers Energy
Yvette Collins, AT&T
Mike Pattwell, ABATE

Chairman Talberg welcomed Ryan Wilson as the new Director of the Regulatory Affairs Division.
Chairman Talberg acknowledged the hundreds of utility work crews from Michigan who are assisting with restoration efforts in the aftermath of hurricanes Harvey and Irma.

- I. Commissioner Saari moved to approve today's amended agenda, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The amended agenda was approved.

- II.** Commissioner Saari moved to approve the minutes of the Regular Commission Meeting of August 23, 2017, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minutes were approved.

III. CONSENTED ORDERS

A. COMMUNICATIONS

1. U-13378 AT&T MICHIGAN AND COMCAST PHONE OF MICHIGAN, LLC,
D/B/A COMCAST DIGITAL PHONE
- U-15538 AT&T MICHIGAN AND BANDWIDTH.COM CLEC, LLC
- U-15607 AT&T MICHIGAN AND GC PIVOTAL, LLC, D/B/A GLOBAL
CAPACITY
- U-16440 AT&T MICHIGAN AND TELECOM MANAGEMENT, INC., D/B/A
PIONEER LONG DISTANCE
- U-16549 AT&T MICHIGAN AND 123.NET, INC., D/B/A LOCAL EXCHANGE
CARRIERS OF MICHIGAN, INC.
(interconnection agreements and amendments)
2. U-18442 LEVEL 3 COMMUNICATIONS, LLC
(temporary license)

B. ELECTRIC

1. U-17762 DTE ELECTRIC COMPANY
(energy optimization plan)
2. U-18330 ALPENA POWER COMPANY
('16 energy optimization reconciliation)
3. U-18336 UPPER MICHIGAN ENERGY RESOURCES CORPORATION
('16 energy optimization reconciliation)

C. GAS

1. U-17763 DTE GAS COMPANY
(energy optimization plan)

2. U-18157 SEMCO ENERGY GAS COMPANY
(‘17-’18 GCR plan)
3. U-18396 DTE GAS COMPANY
(certificate of public convenience and necessity)

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The orders were adopted.

IV. OTHER ORDERS

A. COMMUNICATIONS

1. U-17349 SPRINT SPECTRUM L.P.
(interconnection agreement with Michigan Bell Telephone Company,
d/b/a AT&T Michigan)
- U-17569 SPRINT SPECTRUM L.P. AND MICHIGAN BELL TELEPHONE
COMPANY, D/B/A AT&T MICHIGAN
(interconnection agreement)

Commission Staff Paul Negin, Telecommunications Division,
presented a brief synopsis of the case listed above.
Commissioner Saari moved that the Commission approve the
order at its September 15, 2017 meeting. Commissioner
Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. MINUTE ACTION ELIGIBLE TELECOMMUNICATIONS CARRIERS
(U-18216)

Adopt and issue minute dated September 15, 2017, designating
the carriers listed on Attachment 1 to this minute action as eligible
telecommunications carriers (ETCs) for the purpose of receiving
federal universal service funds that were used in 2016 and will be
used in 2018, only for the provision, maintenance, and upgrading
of facilities and services for which the support is intended,
consistent with Section 254(e) of the Communications Act of
1934, as amended, and consistent with the Federal
Communications Commission’s orders in CC Docket No. 11-161.

Further, each exchange is designated as a service area for this purpose. The certification granted in this minute action is conditioned upon the Commission's reservation of its right to audit all expenditures of these universal service funds. Commissioner Saari moved that the Commission approve the minute at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minute was adopted.

B. ELECTRIC

1. U-18197 COMMISSION'S OWN MOTION (capacity demonstration)

Commission Staff Cathy Cole, Financial Analysis and Audit Division, presented a brief synopsis of the case listed above. Commissioner Saari moved that the Commission approve the order at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Chairman Talberg made the following statement: "Section 6w of PA 341 was passed by the Legislature and signed by the Governor to enhance the reliability of Michigan's electric grid, specifically by requiring all electric providers to secure sufficient supplies of electric capacity to serve their anticipated customer needs four years in advance. Through this order, the Commission is clarifying the requirements and process for each electric provider to make these demonstrations to the Commission.

The Commission is providing flexibility for electricity providers to use a broad range of options to meet the requirements such as new or existing generation, purchased power contracts, and new or existing energy waste reduction or demand response programs. Capacity supplies can be sourced from out of state but the electric provider must own or have contractual rights to the supply as mandated by the law. This will improve reliability because capacity at the state and regional level will actually be secured in advance, whether by taking advantage of excess supply that exists today or investing in new resources. This approach is also cost effective because the electric supplier is in the best position to pursue the lowest-cost options to meet its customers' needs in a reliable manner and to manage the risk of importing capacity supplies from out of state. Unlike approaches in some states that provide incentives or subsidies to specific types of generation in an attempt to protect reliability or meet other policy objectives, Michigan's approach is 'fuel neutral.' That is, electric providers know their capacity requirement four years into the future and the provider – not the state – determines what fuel or combination of fuels to

use, potentially taking into account factors such as reliability, fuel diversity, plant performance, cost, environmental impact, and risk.

Due to fluctuations in customer demand and availability of resources that may occur over the four-year period, the Commission is also allowing electric providers to plan on up to 5 percent of their capacity portfolio to be acquired through the annual capacity auction of the regional grid operator, MISO. Based on MISO's data, this is consistent with the historical use of the auction in Michigan at the aggregate level.

While the Commission has the authority under Section 6w to apply a local clearing requirement to individual electric providers, it does not impose such a requirement for planning years 2018-2021. This issue has generated a lot of attention and the Commission carefully considered the law in its entirety and the diverse viewpoints and legal arguments from stakeholders. The LCR was not 'removed' from the law. The law explicitly defines the local clearing requirement and the Commission's role in setting the LCR with technical assistance from MISO. The Commission considered each and every provision in the law and how these provisions work together as a cohesive framework. For these and other reasons stated in today's order, the Commission believes its decision is expressly authorized by the law.

Notwithstanding this legal authority, the collaborative process over the past few months did not produce the kind of information necessary for the Commission to reasonably determine how to design and allocate the locational requirement and ensure consistency with federal requirements. Therefore, the Commission seeks to obtain clarity through a formal hearing process to determine the proper methodology and allocation of a locational requirement. This location requirement would apply in 2022. During this transition, the Commission finds that homes and businesses should have adequate electricity supplies under the law's pro-active approach to reliability.

The Commission recognizes that ensuring resource adequacy—having enough resources over the long term to meet electricity demand at peak times—involves both state and federal regulators, and is implementing the provisions of Section 6w with a commitment to maintaining consistency with federal resource adequacy requirements. In setting capacity obligations and establishing a capacity demonstration process as mandated by the new law, the Commission does not seek to supplant or replace the well-established MISO auction process, but instead to complement MISO's approach by ensuring all electric providers, including investor-owned utilities, electric cooperatives, municipal utilities, and alternative energy suppliers, contribute to reliability. Further, the Commission's implementation of the law will allow the electric choice programs to continue to be viable and ensure that all providers are contributing toward long-term reliability. We intend to continue to work toward maintaining electric reliability in a consistent and cost-effective manner. When we have an open and transparent process that allows all voices to be heard and considered, and we follow the letter of the law, we are confident that we will be dutifully serving the people of this state.

The Commission greatly appreciates the technical assistance from MISO, which has been working closely with the Commission and our staff for years to find a reasonable solution to the resource adequacy challenges presented by Michigan’s hybrid market structure. I also want to acknowledge our dedicated MPSC staff who worked with diverse stakeholders to find common ground and present options for the Commission on this complex topic.”

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. U-18252 CONSUMERS ENERGY COMPANY
(divestment: B. C. Cobb & J. R. Whiting)

Commission Staff Jay Gerken, Financial Analysis and Audit Division, presented a brief synopsis of the case listed above. Commissioner Saari moved that the Commission approve the order at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Commissioner Saari expressed his appreciation to Jay Gerken and staff on their work “to make a lot of sense of this huge decision,” and developing the reporting requirements that the parties have to file annually. Commissioner Saari stated that the efforts put forth in this case will support future requests for repurposing older plants.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

3. U-18344 DTE ELECTRIC COMPANY
(self-implementation)

Case No. U-18344 involves an application by DTE Electric Company for authority to conduct a self-implementation reconciliation proceeding pursuant to MCL 460.6a(1). The order before you approves a settlement agreement resolving all issues in the case. Commissioner Saari moved that the Commission approve the order at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

4. U-18369 COMMISSION'S OWN MOTION
(demand response framework)

Commission Staff David Isakson, Regulated Energy Division, presented a brief synopsis of the case listed above. Commissioner Saari moved that the Commission approve the order at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Chairman Talberg thanked the efforts of the MPSC staff and stated that this serves as a great example of Commission's commitment to a regulatory model that is effective and responsive to change.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

5. U-18441 COMMISSION'S OWN MOTION
(capacity demonstration docket)

Commission Staff Eric Stocking, Electric Reliability Division, presented a brief synopsis of the case listed above. Commissioner Saari moved that the Commission approve the order at its September 15, 2017 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

6. MINUTE ACTION MIDCONTINENT INDEPENDENT SYSTEM OPERATOR
(tariff revisions)

Adopt and issue minute dated September 15, 2017, confirming that the Michigan Department of the Attorney General intervened on behalf of the Michigan Public Service Commission before the Federal Energy Regulatory Commission in Docket Number ER17-2246-000, Midcontinent Independent System Operator tariff revisions to implement regional cost allocation for Targeted Market Efficiency Projects. Michigan Agency for Energy Staff Nick Abraham presented a brief synopsis. Commissioner Saari moved that the Commission

approve the minute at its September 15, 2017 meeting.
Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minute was adopted.

V. PUBLIC COMMENTS

There were no public comments.

An audio recording of the proceedings of the September 15, 2017 meeting is archived in podcast format at: http://www.michigan.gov/mpsc/0,4639,7-159-16400_46656---,00.html.

Chairman Talberg announced that the next regularly scheduled Commission Meeting will be held on September 28, 2017 at 1:30 p.m.

Commissioner Saari moved that the Commission adjourn, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The motion was approved.

The meeting adjourned at 3:11 p.m.

Kavita Kale
Executive Secretary